



A COMPARATIVE ANALYSIS ON INVESTMENT OF ULIP BETWEEN PRIVATE LIFE INSURANCE COMPANIES AND LIC

Dr. Shib Pada Patra

Assistant Professor, Department of Commerce, Chittaranjan College, Kolkata, West Bengal, India.

ABSTRACT

The growth of Unit linked product (ULIP) depends on development of the investment in capital markets. It is mainly invested as per Insurance Regulatory and Development Authority of India (IRDAI) regulation in approved investment and other investment. In the long period, this investment is not performing as well and the growth of the ULIP for private and public life insurance companies are not same. During the period 2012-2013 to 2018-2019, the growth of the ULIP products of private life insurance companies (PLICs) and LIC are compared using year wise growth analysis and Chart. This paper finds that the ULIP investment of LICs is performing better than the ULIP of the LIC.

KEYWORDS: ULIP, LIC, Growth, Approved Investment, Other investment.

INTRODUCTION:

The insurance companies invest their total investment in mainly in traditional products and unit linked product (ULIP). The ULIP is a new insurance product which is considered as investment with coverage of insurance. This investment is linked by the insurance companies with capital market in India through the investment in the approved investment and other investment as per IRDAI regulation of India. Actually the benefit on this investment comes as the capital market of India develops over long period in the India. The ULIP of private life insurance companies (PLICs) and life insurance Corporation of India (LIC) had launched ULIP products but growth of these products is not sufficient as the investor expected in the long run of the investment. Under this backdrop, growth of the ULIP products of LICs and the LIC are compared to analysis the performance of the ULIP during the period 2012-2013 to 2018-2019. Year wise growth analysis and Chart are used to compare the performance of the ULIP product between LICs and LIC. The paper finds LICs makes better performance in the investment of ULIP than the LIC during the study period.

REVIEW OF LITERATURE:

Gupta, & Anju (2014) in 'A Comparative Study on Investors of ULIP and Mutual products in Indore City' described Mutual fund was ideal for investment in current scenario, but ULIP was an investment good for longer period. ULIP was like mutual funds but it had insurance coverage.

Patil (2018) in the article, 'An Analytical Study of Investors Perception Towards ULIP: A Study with Special Reference to Teaching Faculty in Jalgaon City', mentioned ULIP was in growing phase in this city, investors did not want to invest in large amount and they understood, Investment in ULIP was very risky.

Samrudha (2018) in his article 'A Comparative Study of ULIP and Mutual Fund Investment of Salaried People in Urban Area of Nasik District' stated Mutual fund is better option to invest as compared to investment in ULIP. In this district, salaried person preferred to invest in mutual funds.

Nagarajan, Ali, & Sathyanarayana (2013) in their article, 'A Study on Performance of Unit-Linked Insurance Plans (ULIP) Offered by Indian Private Insurance Companies' concluded reliance plus wealth plan was better investment option than SBI, ICICI and Bajaj Allianz.

Jain, Nasa, & Nasa (2018) in their paper, 'An empirical study on responses of ULIP Investors, with regard to switching between the ULIP funds', explained common investor had no knowledge on the relation between Sensex and (Net Asset Value) NAV indices of ULIP. They believed on the insurer's goodwill fund manager's skill.

Singh (2015) founded in article, 'Comparative analysis of ULIPs V/s Mutual Funds', financial adviser advises both mutual funds as well as ULIP separately in separate way. Each one believes one superior to other. Total cost of ULIP was not explicable but it is for Mutual funds.

Yadav (2018) concluded in 'Comparative Study of Mutual Funds and ULIPs in Present Context', mutual fund is ideal investment in present scenario, every person is very aware for the investment and wanted low risk and easy redemption process.

Gupta (2012) in 'Unit linked insurance products (ULIPs)-Insurance or investment?' discussed ULIP plan for more death benefit than sum assured mortality adjusted rate of return was higher than unadjusted rate of return.

DATA AND METHODOLOGY:

Nature of the Research	♦ Exploratory in nature
Nature of Data	♦ Secondary in nature
Source of Data	♦ Books ♦ Journal Articles ♦ IRDA, Annual Reports
Sample Size (PLICs & LIC)	♦ LICs ♦ LIC
Period of Study	♦ 2012-2013 to 2018-2019
Objectives	Statistical Tools
To analyse on ULIP investment between LICs and LIC	♦ Year Wise Growth Analysis ♦ Graphical Representation Analysis

OBJECTIVES OF THE STUDY:

The article is prepared to compare on the ULIP investment between private life insurance companies (PLICs) and the LIC during the period 2012-2013 to 2018-2019.

RESULT AND DISCUSSION:

In this section, the investment of the ULIP of LICs is invested in Approved Investments (PAI), Other Investments (POI), LICs total of ULIP (PT), and investment of the LIC is also invested in Approved Investments (LAI), Other Investments (LOI) and LIC total of ULIP (LT). The growth of PAI, POI & PT and LAI, LOI & LT are analysed here:

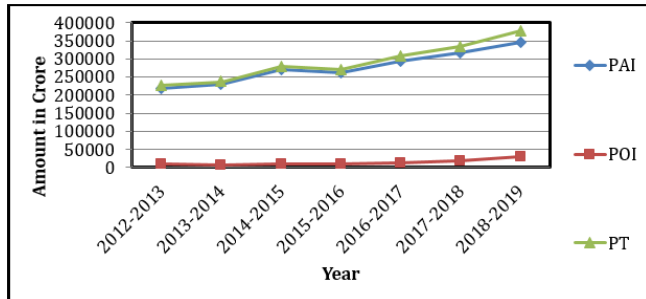
Table-I: Investment in ULIP

Year as on 31 st March	PLICs (Rs in Crore)			LIC (Rs in Crore)		
	Approved Investments	Other Investments	Private Total of ULIP	Approved Investments	Other Investments	Public Total of ULIP
	PAI	POI	PT	LAI	LOI	LT
2012-2013	216968.30	11215.29	228183.9	108314.65	6008.94	114323.60
2013-2014	229309.96	7872.61	237182.57	93146.03	1332.57	94478.59
2014-2015	270966.49	9102.88	280069.37	81404.95	1266.15	82671.10

2015-2016	260749.81	10222.93	270972.74	68224.31	1214.95	69439.26
2016-2017	294984.98	14090.48	309075.46	66760.75	4004.83	70765.58
2017-2018	316594.06	17816.49	334410.55	40013.64	3516.85	43530.49
2018-2019	347016.31	30137.02	377153.33	31764.61	2507.48	34272.09

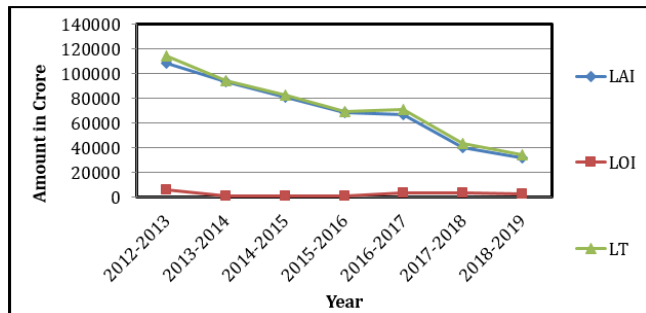
Source: (IRDA Annual Reports)

Chart-I: Investment of ULIP in PLICs



Source: (Based on the Table-I)

Chart-II: Investment of ULIP in LICI



Source: (Based on the Table-I)

Findings:

Table-I, Chart-I & Chart-II show that only the LICI is competing with all 23 private life insurance companies, it happens for the public image and long term life insurance business of the LICI in India.

The growth of Approved Investments (GPAI), Other Investments (GPOI), PLICs total of ULIP (GPT) and the growth of Approved Investments (GLAI), Other Investments (GLOI), and LICI total of ULIP (GLT) are analysed below:

Table-II: Growth of ULIP

Year as on 31 st March	PLICs			LICI		
	GPAI	GPOI	GPT	GLAI	GLOI	GLT
2012-2013	--	--	--	--	--	--
2013-2014	5.38	-42.46	3.793	-16.28	-350.93	-21.00
2014-2015	15.37	13.52	15.31	-14.42	-5.25	-14.28
2015-2016	-3.92	10.96	-3.36	-19.32	-4.21	-19.06
2016-2017	11.61	27.45	12.33	-2.19	69.66	1.87
2017-2018	6.83	20.91	7.58	-66.85	-13.88	-62.57
2018-2019	8.77	40.88	11.33	-25.96	-40.25	-27.01
Average	7.34	11.88	7.83	-24.17	-57.48	-23.67

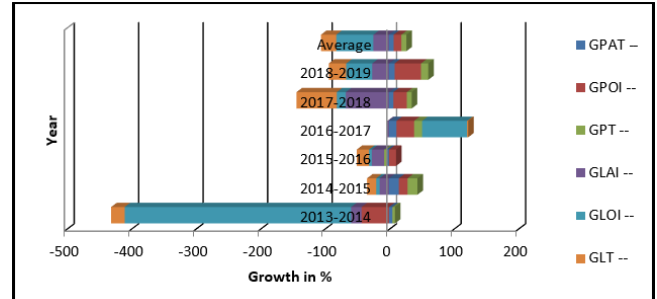
Source: (Based on the Table-I)

Findings:

In the Table-II, GLAI and GLO of the LICI are negative growth but GPAI and GPOI are positive growth during the study period. It is for the better portfolio investment of the PLICs as per IRDAI regulation in Indian Capital market.

The growth of Approved Investments (GPAI), Other Investments (GPOI), and PLICs total of ULIP (GPT) and the growth of Approved Investments (GLAI), Other Investments (GLOI), and LICI total of ULIP (GLT) are shown as following:

Chart-III: Growth of ULIP of PLICs & LICI



Source: (Based on the Table-II)

Findings:

The growth of the ULIP in the LICI is going down and in case of PLICs; this is slightly increasing during study period. Chart-III explains the growth of GPOI of PLICs and GLOI of LICI are not performing in Indian capital market during the period 2012-2013. This is for the underperforming investments and lesser investment of the investors in the ULIP of life insurance companies.

CONCLUSION:

This paper finds that PLICs are performing slightly better than the LICI in the investment of ULIP products for their better advertisement in life insurance products as well as better monitoring of the ULIP funds' investment in the capital markets. Investment of ULIP of the LICI is not growing as well for the investment in lower performing investment instruments in the capital market and the LICI does not attract more investment in ULIP products during the study period for the poor selling strategy of unit linked products.

REFERENCES:

- I. Gupta, A. & Agarwal, A. (2014). A Comparative Study on Investors of ULIP and Mutual products in Indore City. Pacific Business Review International, 1-4.
- II. Gupta, A. (2012). Unit linked insurance products (ULIPs)-Insurance or investment? Procedia-Social and Behavioral Sciences, 1-19.
- III. Jain, O. P., Nisa, H. & Nasa, P. T. (2018). An empirical study on responses of ULIP Investors, with regard to switching between the ULIP funds, IJARIE, 1-23.
- IV. Nagarajan, G., Ali, A. A. & Sathyanarayana, N. (2013). A Study on Performance of Unit-Linked Insurance Plans (Ulip) Offered by Indian Private Insurance Companies. Management and Social Sciences, 1-15.
- V. Patil, P., Patil, R. S., Patil, P. & Ahire, J. (2018). An Analytical Study of Investors Perception towards Ulip: A Study with Special Reference to Teaching Faculty in Jalgaon City. Indian Journal of Research, 1-3.
- VI. Samrudha, D. S., (2018). A Comparative Study of ULIP and Mutual Fund Investment of Salaried People in Urban Area of Nasik District. International Journal of Advanced in Management, Technology and Engineering Sciences, 1-13.
- VII. Singh, S. (2015). Comparative analysis of ULIPs V/s Mutual Funds. CASIRJ, 1-6.
- VIII. Yadav, A. (2018). Comparative Study of Mutual Funds and ULIPs in Present Context. International Journal of Creative Research Thoughts (IJCRT), 1-4.
- IX. IRDA, Annual Report, 2013-2014
- X. RDA, Annual Report, 2014-2015
- XI. IRDA, Annual Report, 2015-2016
- XII. IRDA, Annual Report, 2016-2017
- XIII. IRDA, Annual Report, 2017-2018
- XIV. IRDA, Annual Report, 2018-2019